

expect to recover more than the costs it is incurring.

■ how it impacts your business

On December 18, 1997, AT&T filed tariff revisions with the FCC to implement new charges first appearing on business services bills dated January 26, 1998. The charges will be clearly identified as separate line items:

The Universal Connectivity Charge will recover a portion of AT&T's Universal Service Fund assessment. It will appear as a 4.9% charge applied to total interstate and international voice and data billing.

The Carrier Line Charge will recover a portion of the restructured access charges. It will appear as a fixed monthly charge, and initially will be set at 53 cents per bill for Commercial Long Distance and Option S, and \$5.50 per bill for CustomNet and Small Business Advantage Plus (SBA+).

■ frequently asked questions

What is Access Reform?

What is the Universal Service Order?

How will Universal Service Order programs be funded?

What is the Access Charge Reform Order and Why was it created?

What is AT&T doing?

Are you assessing business customer only?

When can I expect to see these new charges on my bill?

Are other long-distance companies handling these new expenses in the same manner as AT&T?

What is Access Reform?

On May 7, 1997, the Federal Communications Commission issued two companion orders, the Universal Service Order and the Access Charge Reform Order, that grew from the framework of the Telecommunications Act of 1996. Both fall under the heading of "access reform," and both increase expenses of long-distance companies, including AT&T.

What is the Universal Service Order?

In its Universal Service Order, the FCC expanded universal service support mechanisms for (1) high cost, rural and insular areas and low-income consumers; and (2) schools, libraries and rural health care providers. To enable these support mechanisms, the FCC created the Universal Service Fund (USF) to pay the cost of programs envisioned by the order. It is projected that the USF will generate and disburse in the neighborhood of \$4.4 billion annually.

How will Universal Service Order programs be funded?

The USF is to be funded by an assessment on telecommunications companies that provide interstate service. Long-distance providers are

assessed on the basis of their total end user revenues; for AT&T the bill in 1998 is projected to be about \$1.3 billion, based on 1997 revenues.

What is the Access Charge Reform Order and Why was it created?

The Access Charge Reform Order restructures the fees which interexchange carriers like AT&T pay to local phone companies for use of their network. The FCC believes that a fee structure based on subscribed lines versus minutes of use will reduce the high level of subsidization that is inherent in the old minute-based rates.

What is AT&T doing?

AT&T is implementing two new charges for business customers to recover the expenses associated with these government programs.

- The Universal Connectivity Charge, which recovers costs associated with USF, will appear as a 4.9% charge applied to total interstate and international voice and data billing
- The Carrier Line Charge, which recovers costs associated with PICC, will be implemented as follows:
 - 53-cents monthly per billed location for subscribers to Commercial Long Distance and Option S
 - \$5.50 monthly per billed location for subscribers to CustomNet and Small Business Advantage Plus (SBA+).

Are you assessing business customer only?

For the present, AT&T does not plan to assess a Universal Connectivity Charge for consumers. Through the first six months of 1998, costs associated with USF allocated to our consumer services division will be offset by lower access fees that AT&T pays local phone companies.

When can I expect to see these new charges on my bill?

For most customers, the charges will appear on bills beginning on or about January 26, 1998.

Are other long-distance companies handling these new expenses in the same manner as AT&T?

On January 1, both MCI and Sprint also implemented charges to recover costs associated with access reform.

Additional References:

Universal Service History (<http://www.att.com/publicpolicy/uniserv.html>)

Information on Carrier Line Charge for residential customers.
(http://www.att.com/line_charge/)

■ send email

Send your questions or comments on changes to your AT&T bill in connection with Access Reform and the Telecommunications Act of 1996.

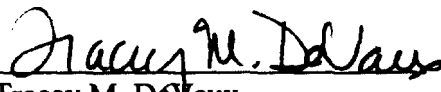


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CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of February, 1998 a copy of "Opposition of Bell Atlantic" was sent by first class mail, postage prepaid, to the parties on the attached list.


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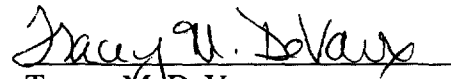
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